

AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1955

Introduced by Assembly Member Pan

February 19, 2014

An act to *add and repeal Section 42238.054 of the Education Code, and to amend Section 14132.47 of the Welfare and Institutions Code, relating to ~~Medi-Cal~~ pupil health.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1955, as amended, Pan. ~~Medi-Cal: Administrative Claiming process.~~ *Healthy Kids, Healthy Minds Demonstration.*

Existing law establishes a public school financing system that requires state funding for county superintendents of schools, school districts, and charter schools to be calculated pursuant to a local control funding formula, as specified. Existing law requires the Superintendent of Public Instruction to annually calculate a local control funding formula grant for each school district and charter school based on data submitted by local educational agencies, as specified, in accordance with instructions specified by the Controller.

This bill would require the Superintendent to establish and implement the Healthy Kids, Healthy Minds Demonstration for the period of September 1, 2015, until December 31, 2018, under which participating schoolsites would employ a school nurse and a mental health professional, and extend library hours. The bill would authorize local educational agencies that have a percentage of unduplicated pupils, as defined, in excess of 55 percent of the local educational agency's total school enrollment to apply for funding for these purposes, as specified and upon appropriation. The bill would authorize individual schoolsites

to apply for this funding if the local educational agency does not have the required percentage of unduplicated pupils. The bill would require participating local educational agencies to collect and aggregate certain pupil data and would encourage participating local educational agencies to offer specified library programs. The bill would require the State Department of Education to compile, analyze, and present the results of the demonstration to the State Board of Education and the Legislature no later than August 31, 2018.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid Program provisions. Existing law establishes an Administrative Claiming process under which local governmental agencies and local educational consortia contract with the ~~department~~ *State Department of Health Care Services* for the purpose of obtaining federal matching funds to assist with the performance of administrative activities relating to the Medi-Cal program.

~~This bill would make technical, nonsubstantive changes to these provisions.~~

This bill would require the State Department of Health Care Services and the State Department of Education to cooperate and coordinate efforts in order to maximize receipt of federal matching funds under these provisions, and would require the State Department of Health Care Services to, through an interagency agreement with the State Department of Education, provide technical advice and consultation services to local educational agencies, as specified.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 *SECTION 1. The Legislature finds and declares all of the*
- 2 *following:*
- 3 *(a) School-based health services lead to academic*
- 4 *improvements, better attendance, reduced suspension and expulsion*
- 5 *rates, and lower dropout rates.*
- 6 *(b) Adverse childhood experiences, such as abuse or neglect,*
- 7 *violence, and physical health conditions, such as asthma and dental*

1 *caries, impact school readiness, classroom behavior, and absentee*
2 *rates.*

3 *(c) Only 2 percent of California's schools have a school-based*
4 *health center and 57 percent of California school districts report*
5 *not having any full-time school nurse.*

6 *(d) The ratio of pupils to school nurses in California is 2,815*
7 *to 1, and the National Association of School Nurses recommends*
8 *that school districts provide one nurse for every 750 well pupils.*

9 *(e) The ratio of pupils to school psychologists in California is*
10 *1,469 to 1, and the National Association of School Psychologists'*
11 *Practice Model recommends a ratio of one psychologist for every*
12 *500-700 pupils.*

13 *(f) School library programs and the presence of school*
14 *librarians can make significant differences in pupil success,*
15 *literacy, information technology skills, and overall academic*
16 *achievement.*

17 *(g) Research shows that when children have access to libraries*
18 *with plenty of books and adequate staffing, they read more and do*
19 *better on reading tests.*

20 *(h) California ranks 51st nationally, including the District of*
21 *Columbia, in the number of pupils per librarian.*

22 *(i) Given the promise of education reform, the scarcity of health*
23 *professionals in the schools, and the steady decline in numbers of*
24 *library staff, the state must find innovative ways to spend its limited*
25 *fiscal resources and leverage federal funding, in order to facilitate*
26 *for local educational agencies the task of connecting health*
27 *services to schools, and assist in returning schools and school*
28 *libraries to their traditional missions as centers of learning and*
29 *community life.*

30 *SEC. 2. Section 42238.054 is added to the Education Code, to*
31 *read:*

32 *42238.054. (a) The demonstration project established pursuant*
33 *to this section shall be known, and may be cited, as the Healthy*
34 *Kids, Healthy Minds Demonstration.*

35 *(b) The Superintendent shall establish the Healthy Kids, Healthy*
36 *Minds Demonstration in accordance with this section to increase*
37 *the base grant amounts received by local educational agencies*
38 *pursuant to Sections 2574 and 42238.02. The purpose of the*
39 *demonstration is for participating schoolsites to employ one*
40 *full-time school nurse and one full-time mental health professional,*

1 *and to ensure that the schoolsites' libraries are open one hour*
2 *before, and three hours after, the regular schoolday.*

3 *(c) The Superintendent shall implement the demonstration for*
4 *the period of September 1, 2015, to December 31, 2018, inclusive.*

5 *(d) (1) Except as provided in paragraph (2), a local educational*
6 *agency is eligible to participate in the demonstration if it has a*
7 *percentage of unduplicated pupils, as determined pursuant to*
8 *Section 42238.02, in excess of 55 percent of the local educational*
9 *agency's total school enrollment.*

10 *(2) Notwithstanding paragraph (1), local educational agencies*
11 *that do not meet the requirements of paragraph (1) shall allow*
12 *individual schoolsites that meet the requirements of paragraph*
13 *(1) and are interested in participating to apply and participate in*
14 *the demonstration.*

15 *(e) To participate in the demonstration, a local educational*
16 *agency's application shall, at a minimum, demonstrate all of the*
17 *following:*

18 *(1) The local educational agency meets the requirements of*
19 *subdivision (d) and is able to achieve the goal of the demonstration*
20 *with current and additional local funds.*

21 *(2) The local educational agency can meet the goal of employing*
22 *one-full time nurse and one full-time mental health professional,*
23 *and providing the extended library hours described in subdivision*
24 *(b), for three fiscal years.*

25 *(3) The local educational agency can show that the proposed*
26 *use of the funds provided under the demonstration is consistent*
27 *with its local control and accountability plan.*

28 *(f) (1) Applicants selected to participate in the demonstration*
29 *shall receive a 5 percent increase in their base grant per unit of*
30 *average daily attendance for kindergarten and grades 1 to 8,*
31 *inclusive, as certified on July 20 for each budget year and*
32 *calculated for purposes of the advance principal apportionment.*

33 *(2) Applicants selected to participate in the demonstration shall*
34 *receive a 2 percent increase in their base grant per unit of average*
35 *daily attendance for grades 9 to 12, inclusive, as certified on July*
36 *20 for each budget year and calculated for purposes of the advance*
37 *principal apportionment.*

38 *(g) Upon appropriation by the Legislature, the Superintendent*
39 *shall reserve funds each year necessary to operate the*
40 *demonstration, and establish a separate account from which to*

1 apportion the additional base grant amounts to local educational
2 agencies pursuant to subdivision (f).

3 (h) A participating local educational agency, with assistance
4 from the department, shall collect and aggregate data from
5 schoolsites under the jurisdiction of the local educational agency
6 that measures changes in pupil absenteeism, school climate,
7 reductions in incidence of violence, successful intervention against
8 suicide attempts and pupil bullying, changes in health status among
9 high-needs pupils, such as low income, English learners, and foster
10 youth, general pupil outcomes and achievement, and other relevant
11 benchmarks as defined and determined by the state board.

12 (i) Participating local educational agencies are encouraged to
13 offer library programs that may include, but are not limited to,
14 reading circles, tutoring programs, online research, parent
15 engagement or classes, and parent outreach for homework
16 assistance. To the extent feasible, schoolsites shall make every
17 effort to offer library programming with the participation of
18 certified bilingual staff that aims to serve the language needs of
19 its local community. Participating local educational agencies or
20 individual schoolsites shall ensure that programs are adequately
21 staffed by qualified personnel, as described in subdivision (j), but
22 may also include adult volunteers who are approved by the
23 schoolsite.

24 (j) This section shall not be interpreted to modify existing law
25 or school policy regarding what staff classification is permitted
26 to operate libraries, which includes levels of certificated and
27 classified staff, to include media technicians and library aides.

28 (k) The department shall compile, analyze, and present the
29 results of the demonstration to the Legislature and the state board
30 no later than August 31, 2018.

31 (l) The department may adopt emergency regulations for
32 purposes of this section, including, but not limited to, the process
33 for selecting applicants to participate in the demonstration, and
34 the adoption of the emergency regulations shall be deemed to be
35 an emergency and necessary for the immediate preservation of
36 the public peace, health and safety, or general welfare for purposes
37 of Sections 11346.1 and 11349.6 of the Government Code.

38 (m) This section shall remain in effect only until January 1,
39 2019, and as of that date is repealed, unless a later enacted statute,

1 *that is enacted before January 1, 2019, deletes or extends that*
2 *date.*

3 **SECTION 1.**

4 *SEC. 3.* Section 14132.47 of the Welfare and Institutions Code
5 is amended to read:

6 14132.47. (a) It is the intent of the Legislature to provide local
7 governmental agencies the choice of participating in either or both
8 of the Targeted Case Management (TCM) and Administrative
9 Claiming process programs at their option, subject to the
10 requirements of this section and Section 14132.44.

11 (b) The department may contract with each participating local
12 governmental agency or each local educational consortium to assist
13 with the performance of administrative activities necessary for the
14 proper and efficient administration of the Medi-Cal program,
15 pursuant to Section 1903a of the federal Social Security Act (42
16 U.S.C. Sec. 1396b(a)), and this activity shall be known as the
17 Administrative Claiming process.

18 (c) (1) Subject to the requirements of paragraph (2) of
19 subdivision (f), as a condition for participation in the
20 Administrative Claiming process, each participating local
21 governmental agency or each local educational consortium shall,
22 for the purpose of claiming federal Medicaid reimbursement, enter
23 into a contract with the department and shall certify to the
24 department the total amount the local governmental agency or each
25 local educational consortium expended on the allowable
26 administrative activities.

27 (2) The department shall deny the claim if it determines that the
28 certification is not adequately supported, or does not otherwise
29 comply with federal requirements, for purposes of claiming federal
30 financial participation.

31 (d) Each participating local governmental agency or local
32 educational consortium may subcontract with private or public
33 entities to assist with the performance of administrative activities
34 necessary for the proper and efficient administration of the
35 Medi-Cal program under the conditions specified by the department
36 in regulations.

37 (e) Each Administrative Claiming process contract shall include
38 a requirement that each participating local governmental agency
39 or each local educational consortium submit a claiming plan in a

manner that shall be prescribed by the department in regulations, developed in consultation with local governmental agencies.

(f) (1) The department shall require that each participating local governmental agency or each local educational consortium certify to the department both of the following:

(A) The expenditure of 100 percent of the cost of performing Administrative Claiming process activities. The funds expended for this purpose shall be from the local governmental agency's general fund or the general funds of local educational agencies or from any other funds allowed under federal law and regulation.

(B) In each fiscal year that its expenditures represent costs that are eligible for federal financial participation for that fiscal year. The department shall deny the claim if it determines that the certification is not adequately supported for purposes of federal financial participation.

(2) (A) (i) A city that is not a participating local governmental agency, or any other local public entity, that contracts with a local governmental agency pursuant to subdivision (d) and that is located within a county that is a participating local governmental agency pursuant to this section, may submit certification to the local governmental agency of amounts expended for Administrative Claiming services in accordance with Section 433.51 of Title 42 of the Code of Federal Regulations.

(ii) A city or other local public entity that submits certification pursuant to this paragraph shall comply with the requirements of paragraph (1), with other requirements applicable to local governmental agencies that the department determines, in regulations, to be applicable, and with all applicable federal requirements.

(iii) The local governmental agency shall forward the city's or local public entity's certification to the department for the purposes of claiming federal financial participation.

(iv) As applicable, the local governmental agency shall obtain and retain appropriate certifications from the expending city or local public entity, together with documentation of the underlying expenditures, as required by the department.

(B) A tribe or tribal organization, as defined in subdivision (n), that is not participating in Administrative Claiming process activities as a local governmental agency, may contract with, and submit to a tribe or tribal organization that is contracting with, the

1 department pursuant to subdivision (b) amounts expended for
2 Administrative Claiming process activities that it is certifying in
3 accordance with Section 433.51 of Title 42 of the Code of Federal
4 Regulations and other applicable federal law and regulations. The
5 tribe or tribal organization receiving the certification shall forward
6 it to the department for purposes of claiming federal financial
7 participation. The certification shall comply with all of the
8 requirements for certification set forth in subparagraph (A).

9 (g) (1) Notwithstanding any other provision of this section, the
10 state shall be held harmless, in accordance with paragraphs (2)
11 and (3), from any federal audit disallowance and interest resulting
12 from payments made to a participating local governmental agency
13 or local educational consortium pursuant to this section, for the
14 disallowed claim.

15 (2) To the extent that a federal audit disallowance and interest
16 results from a claim or claims for which any participating local
17 governmental agency or local educational consortium has received
18 reimbursement for Administrative Claiming process activities, the
19 department shall recoup from the local governmental agency or
20 local educational consortium that submitted the disallowed claim,
21 through offsets or by a direct billing, amounts equal to the amount
22 of the disallowance and interest, in that fiscal year, for the
23 disallowed claim. All subsequent claims submitted to the
24 department applicable to any previously disallowed administrative
25 activity or claim, may be held in abeyance, with no payment made,
26 until the federal disallowance issue is resolved.

27 (3) Notwithstanding paragraph (2), to the extent that a federal
28 audit disallowance and interest results from a claim or claims for
29 which the participating local governmental agency or local
30 educational consortium has received reimbursement for
31 Administrative Claiming process activities performed by an entity
32 under contract with, and on behalf of, the participating local
33 governmental agency or local educational consortium, the
34 department shall be held harmless by that particular participating
35 local governmental agency or local educational consortium for
36 100 percent of the amount of the federal audit disallowance and
37 interest, for the disallowed claim.

38 (h) The use of local funds required by this section shall not
39 create, lead to, or expand the health care funding obligations or
40 service obligations for current or future years for any participating

1 local governmental agency or local educational consortium, except
2 as required by this section or as may be required by federal law.

3 (i) The department shall deny any claim from a participating
4 local governmental agency or local educational consortium if the
5 department determines that the claim is not adequately supported
6 in accordance with criteria established pursuant to this subdivision
7 and implementing regulations before it forwards the claim for
8 reimbursement to the federal Medicaid Program. In consultation
9 with local governmental agencies and local educational consortia,
10 the department shall adopt regulations that prescribe the
11 requirements for the submission and payment of claims for
12 administrative activities performed by each participating local
13 governmental agency and local educational consortium.

14 (j) Administrative activities shall be those determined by the
15 department to be necessary for the proper and efficient
16 administration of the state's Medicaid plan and shall be defined
17 in regulation.

18 (k) If the department denies any claim submitted under this
19 section, the affected participating local governmental agency or
20 local educational consortium may, within 30 days after receipt of
21 written notice of the denial, request that the department reconsider
22 its action. The participating local governmental agency or local
23 educational consortium may request a meeting with the director
24 or his or her designee within 30 days to present its concerns to the
25 department after the request is filed. If the director or his or her
26 designee cannot meet, the department shall respond in writing
27 indicating the specific reasons for which the claim is out of
28 compliance to the participating local governmental agency or local
29 educational consortium in response to its appeal. Thereafter, the
30 decision of the director shall be final.

31 (l) To the extent consistent with federal law and regulations,
32 participating local governmental agencies or local educational
33 consortium may claim the actual costs of nonemergency,
34 nonmedical transportation of Medi-Cal eligibles to Medi-Cal
35 covered services, under guidelines established by the department,
36 to the extent that these costs are actually borne by the participating
37 local governmental agency or local educational consortium. A
38 local educational consortium may only claim for nonemergency,
39 nonmedical transportation of Medi-Cal eligibles for Medi-Cal
40 covered services, through the Medi-Cal administrative activities

1 program. Medi-Cal medical transportation services shall be claimed
2 under the local educational agency Medi-Cal billing option,
3 pursuant to Section 14132.06.

4 (m) As a condition of participation in the Administrative
5 Claiming process and in recognition of revenue generated to each
6 participating local governmental agency and each local educational
7 consortium in the Administrative Claiming process, each
8 participating local governmental agency and each local educational
9 consortium shall pay an annual participation fee through a
10 mechanism agreed to by the state and local governmental agencies
11 and local educational consortia, or, if no agreement is reached by
12 August 1 of each year, directly to the state. The participation fee
13 shall be used to cover the cost of administering the Administrative
14 Claiming process, including, but not limited to, claims processing,
15 technical assistance, and monitoring. The department shall
16 determine and report staffing requirements upon which projected
17 costs will be based. The amount of the participation fee shall be
18 based upon the anticipated salaries, benefits, and operating
19 expenses, to administer the Administrative Claiming process and
20 other costs related to that process.

21 (n) (1) For purposes of this section, “participating local
22 governmental agency” means a county, chartered city, Native
23 American Indian tribe, tribal organization, or subgroup of a Native
24 American Indian tribe or tribal organization, under contract with
25 the department pursuant to subdivision (b).

26 (2) Each participating Native American Indian tribe, tribal
27 organization, or subgroup of a Native American Indian tribe or
28 tribal organization may claim, as a Medi-Cal Administrative
29 Activity, facilitating Medi-Cal applications, which includes, but
30 is not limited to, using the California Healthcare Eligibility,
31 Enrollment, and Retention System.

32 (o) For purposes of this section, “local educational agency”
33 means a local educational agency, as defined in subdivision (h) of
34 Section 14132.06, that participates under the Administrative
35 Claiming process as a subcontractor to the local educational
36 consortium in its service region.

37 (p) (1) For purposes of this section, “local educational
38 consortium” means a local agency that is one of the service regions
39 of the California County Superintendent Educational Services
40 Association.

1 (2) Each local educational consortium shall contract with the
2 department pursuant to paragraph (1) of subdivision (c).

3 (q) (1) Each participating local educational consortium shall
4 be responsible for the local educational agencies in its service
5 region that participate in the Administrative Claiming process.
6 This responsibility includes, but is not limited to, the preparation
7 and submission of all administrative claiming plans, training of
8 local educational agency staff, overseeing the local educational
9 agency time survey process, and the submission of detailed
10 quarterly invoices on behalf of the participating local educational
11 agency.

12 (2) Each participating local educational consortium shall ensure
13 local educational agency compliance with all requirements of the
14 Administrative Claiming process established for local governmental
15 agencies.

16 (3) Ninety days prior to the initial participation in the
17 Administrative Claiming process, each local educational
18 consortium shall notify the department of its intent to participate
19 in the process, and shall identify each local educational agency
20 that will be participating as its subcontractor.

21 (r) (1) Each local educational agency that elects to participate
22 in the Administrative Claiming process shall submit claims through
23 its local educational consortium or through the local governmental
24 agency, but not both.

25 (2) Each local educational agency participating as a
26 subcontractor to a local educational consortium shall comply with
27 all requirements of the Administrative Claiming process established
28 for local governmental agencies.

29 (s) A participating local governmental agency or a local
30 educational consortium may charge an administrative fee to any
31 entity claiming Administrative Claiming through that agency.

32 (t) The department shall continue to administer the
33 Administrative Claiming process in conformity with federal
34 requirements.

35 (u) The department shall provide technical assistance to all
36 participating local governmental agencies and local educational
37 consortia in order to maximize federal financial participation in
38 the Administrative Claiming process.

39 (v) This section shall be applicable to Administrative Claiming
40 process activities performed, and to moneys paid to participating

1 local governmental agencies for those activities in the 1994–95
2 fiscal year and thereafter, and to local educational consortia in the
3 1998–99 fiscal year and thereafter.

4 (w) Nothing in this section or Section 14132.44 shall be
5 construed to prevent any state agency from participating in the
6 Administrative Claiming process or from contracting with others
7 to engage in these activities.

8 (x) (1) *The department and the State Department of Education*
9 *shall cooperate and coordinate efforts in order to maximize receipt*
10 *of federal financial participation under the Administrative*
11 *Claiming process pursuant to this section. To the extent permitted*
12 *by federal law, funds used by local educational agencies under*
13 *the local control funding formula, including funds used under*
14 *Section 42238.054 of the Education Code, may be included in*
15 *expenditures certified under subdivision (f).*

16 (2) *The department, through an interagency agreement with the*
17 *State Department of Education, shall provide technical advice and*
18 *consultation to local educational agencies participating in the*
19 *demonstration project established pursuant to Section 42238.054*
20 *of the Education Code, in order to help set up accounting systems,*
21 *conduct initial staff time studies, and any other necessary*
22 *requirements to certify and bill valid claims for allowable activities*
23 *under the Administrative Claiming process. Any entity contracted*
24 *by the department, a local educational agency, or educational*
25 *consortium for purposes of this subdivision shall be a public agency*
26 *or incorporated as a nonprofit agency or public benefit corporation*
27 *under state law.*

28 (3) *The department shall seek any necessary federal approvals*
29 *to implement this subdivision.*